

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

SOLAE, L.L.C.,

Plaintiff,

v.

ARCHER DANIELS MIDLAND
COMPANY, et al.,

Defendants.

Case No. 4:03CV00732 HEA

MEMORANDUM AND ORDER

This matter is before the Court on Defendant Archer Daniels Midland Company's Motion to Dismiss for Lack of Standing and Failure to Join an Indispensable Party, [#23] and Motion of Defendant Amerifit Nutrition, Inc., to Dismiss Plaintiff's Complaint Pursuant to Fed. R. Civ. P. 12(b)(1), 12(b)(7) and 19, [#25]. Plaintiff has responded to Defendants' motions. For the reasons set forth, Defendant Archer Daniels Midland Company's and Defendant Amerifit Nutrition, Inc.'s motions are denied.

Facts and Background¹

Plaintiff, Solae, L.L.C., brings this action, pursuant to Title 35 of the United States Code, Chapter 28, Section 271 and Chapter 29, Section 281, *et seq.*, against Defendants Archer Daniels Midland Company ("ADM") and Amerifit Nutrition, Inc. ("Amerifit") for patent infringement.

¹The recitation of facts is taken from the parties' pleadings and is set forth for the purposes of this Order only. The recitation in no way relieves the parties of any proof thereof in future proceedings.

Plaintiff, Solae, is a St. Louis-based company which specializes in the research, manufacturing and marketing of soy-based ingredients and ingredient systems. In the production of commercial products such as soy protein concentrates, Plaintiff's focus has been to remove the isoflavone compounds, which are bioactive chemicals, from soy, because clinical research suggests that isoflavones may provide various health benefits. Plaintiff has patented its own discoveries in the field of soy isoflavones and has obtained rights to the discoveries of others in this field through patent licensing agreements.

Plaintiff is the owner of U.S. Patent No. 5,990,291, issued on November 23, 1999 and entitled "Recovery of Isoflavones from Soy Molasses," by virtue of an assignment by its inventors. Plaintiff is the exclusive licensee of U.S. Patent No. 6,562,380, issued May 13, 2003 and entitled "Methods for Treating or Reducing Predisposition to Breast Cancer, Pre-Menstrual Syndrome or Symptoms Associated with Menopause by Administration of Phyto-Estrogen." Plaintiff became the exclusive licensee of the '380 patent pursuant to the Patent License Agreement entered into in 1997 by Plaintiff and the patentee, Novogen.² The Patent License Agreement conveyed rights to U.S. Patent Application Serial No. 08/338,567, and all continuations of that application, including the application that issued as the '380 patent. Novogen conveyed these rights in exchange for the receipt of royalties for the manufacture, sale or use of soy products covered by the patent rights.

²The Patent License Agreement was made by and between Novogen Limited ACN, Novogen Research PTY Limited, Novogen Inc. (collectively known as "Novogen") and Protein Technologies International, Inc. (now known as Solae, L.L.C.).

Plaintiff's Complaint alleges that Defendant ADM manufactures and markets a product that infringes at least one claim of the '291 patent in its product known as "Novasoy," which is a powdered compound extracted from soybeans containing naturally-occurring isoflavones. Plaintiff also alleges that Defendant ADM markets and sells its Novasoy product to manufacturers for incorporation into dietary supplements which infringe at least one claim of the '380 patent. Plaintiff further alleges that Defendant Amerifit manufactures and markets a product that infringes at least one claim of the '291 patent and at least one claim of the '380 patent in its product known as "Estroven," which is a supplement containing Novasoy isoflavone material provided to Amerifit by ADM.

Plaintiff's Complaint asserts that Defendants ADM and Amerifit infringed and/or knowingly induced others to infringe at least one claim of the '291 patent and at least one claim of the '380 patent in connection with making, using, offering to sell, selling, and/or importing Novasoy and Estroven respectively in violation of 28 U.S.C. § 271 and 29 U.S.C. § 29. Plaintiff seeks to enjoin Defendants from further patent infringement, prays for damages, treble damages, interest, costs, and attorneys' fees.

Defendants ADM and Amerifit, now move to dismiss for lack of standing and failure to join an indispensable party pursuant to Rules 12(b)(1), 12(b)(7) and 19 of the Federal Rules of Civil Procedure. Defendants contend that the '291 patent does not list Plaintiff as the assignee of the patent and that the '380 patent is owned by Novogen, and thus, Plaintiff has no legal right to complain of any alleged patent infringement on the part of Defendants. At minimum, Defendants move this Court to order Novogen joined to the suit as an indispensable party. Defendant ADM has attached evidence in

support of its Motion, as has Plaintiff in its Memorandum in Opposition to Defendants' motions.³

Discussion

The question of standing is whether the litigant is entitled to have the court decide the merits of the dispute or of particular issues. *Novartis Seeds, Inc. v. Monsanto Co.*, 190 F.3d 868 (8th Cir. 1999) (citing *Warth v. Seldin*, 422 U.S. 490, 498 (1975)). "To have standing, a plaintiff must allege an injury that is fairly traceable to the defendant's conduct, and the requested relief must be likely to redress the alleged injury." *Id.* at 871. Standing to sue in patent infringement cases derives from the Patent Act, which provides that "[a] patentee shall have remedy by civil action for infringement of his patent." *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1376-77 (Fed. Cir. 2000) (citing 35 U.S.C. § 281). The term "patentee" includes the patentee to whom the patent was issued as well as the successors in title to the patentee. *Prima Tek II*, 222 F.3d at 1377 (citing 35 U.S.C. § 100(d) (1994)). An exclusive licensee may have standing to sue in a patent infringement case, but as a general rule, a patentee should be joined, whether voluntarily or involuntarily, in any infringement suit brought by an exclusive licensee. *Id.* (citing *Independent Wireless v. Radio Corp. of Am.*, 269 U.S. 459 (1926) and *Abott Labs, v. Diamedix Corp.*, 47 F.3d 1128, 1131 (Fed. Cir. 1995)). An exception to this rule is that where the patentee

³ The district court has the authority to consider matters outside the pleadings on a motion challenging subject matter jurisdiction under Rule 12(b)(1) of the Federal Rules of Civil Procedure. *Drevlow v. Lutheran Church, Mo. Synod*, 991 F.2d 468, 470 (8th Cir. 1993). However, the court's election to do so does not convert the 12(b)(1) motion to dismiss into a motion for summary judgment. See *Osborn v. United States*, 918 F.2d 724, 729 (8th Cir. 1990); *Deuser v. Vecera*, 139 F.3d 1190, 1192, n. 3 (8th Cir. 1998).

makes an assignment of all substantial rights under the patent, the assignee may be deemed the effective “patentee” under 35 U.S.C. § 281 and may have standing to bring an infringement suit in its own name. *Id.* (citing *Vaupel Textilmaschinen KG v. Meccanica Euro Italia SPA*, 944 F.2d 870, 875 (Fed. Cir. 1991)). To determine whether a license agreement has conveyed all substantial rights in a patent, the intention of the parties must be ascertained and the substance of what was granted examined. *Id.* The use of the term “exclusive license” in a patent license agreement is not dispositive; what the document recites is dispositive. *Vaupel*, 944 F.2d at 875.

‘291 Patent

Defendants’ motions to dismiss argue that Plaintiff lacks standing to bring suit with regard to the ‘291 patent, because the United States Patent and Trademark Office lists Protein Technologies International, Inc. as the owner of the patent. In its Complaint and its Memorandum in Opposition to Defendants’ Motions to Dismiss, Plaintiff references the chain of name changes it has made over the past several years and provides the Court with supporting evidence to that effect. First, Plaintiff was known as Protein Technologies International, Inc. (“PTI”) and was owned by Ralston Purina. Then, in 1997, E.I. du Pont de Nemours and Company (“DuPont”) acquired PTI and it became a wholly-owned subsidiary of Dupont. Subsequently, Dupont formed a Delaware corporation, DuPont Protein Technologies International, Inc. (“DuPont PTI”), which was a wholly-owned subsidiary of Dupont and was made the 100% owner of PTI. In 1998, when the inventors of the ‘291 patent assigned the patent to PTI, ownership rights of the patent were held by PTI, which in turn was wholly-owned by DuPont PTI, which was wholly-owned by DuPont. Finally, on March 28, 2003, the

corporate form of DuPont PTI and PTI was changed by converting the entities from Delaware corporations into Delaware limited liability companies, Solae Holdings, L.L.C. and Solae, L.L.C.

In their motions to dismiss, Defendants do little more than express confusion over the fact that PTI, not Solae, L.L.C., is listed by the United States Patent and Trademark Office as the owner of the '291 patent. Without more, this argument is not well-taken. The Court finds that the aforementioned changes in corporate form had no deleterious effect on Solae, L.L.C.'s ownership of the '291 patent. Plaintiff has standing to bring suit for infringement with respect to the '291 patent, and this Court has subject-matter jurisdiction over this claim.

'380 Patent

Defendants argue that this case should be dismissed because Plaintiff lacks standing to bring this suit since Novogen, not Plaintiff, is not the owner of the '380 patent. In the alternative, Defendants argue that under Rule 19 of the Federal Rules of Civil Procedure, Novogen is an indispensable party and should be joined. Plaintiff claims it has exclusive rights to the '380 patent and that it need not join Novogen to bring suit for infringement of the patent rights granted to it by Novogen.

On November 13, 1997, Plaintiff entered into the Patent Licensing Agreement with Novogen, which granted Plaintiff sole and exclusive license to make, have made, use, sell, offer for sale and import products containing soy-derived isoflavones covered by the patent rights and the right to grant sublicenses under the patent rights. The license territory was worldwide except for Australia and New Zealand, except that Novogen could continue its sales in the United Kingdom until such time as Plaintiff or

its sublicensee or its assignee would market its own comparable product in the UK under the patent rights. If Plaintiff or its sublicensee or assignee commenced the marketing of a comparable product in the UK, the exception would be revoked by giving Novogen six months notice. The agreement also granted Plaintiff the right to bring suit in its own name against third parties for infringement under any of the patent rights. Plaintiff was required to notify Novogen of any such suit and Novogen would only be joined as a party to the suit or the suit brought in Novogen's name where required by law.

The rights transferred to Plaintiff by Novogen and the territory encompassed by the patent rights agreement are substantial in and of themselves, but the transfer to Plaintiff of the right to sue for infringement, subject only to the obligation of Plaintiff to inform Novogen, is particularly dispositive, since the ultimate issue with respect to the patent rights is whether Novogen must be joined as a party. *Vaupel*, 944 F.2d at 875. "The policy underlying the requirement to join the owner when an exclusive licensee brings suit is to prevent the possibility of two suits on the same patent against a single infringer. *Id.* (citing *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 38 (1923)). This public policy is not obviated here, since the right to sue rests solely with Plaintiff. Under Rule 19, a party is necessary if "complete relief cannot be accorded among those already parties," or if the disposition of an action may leave "persons already parties subject to a substantial risk of incurring double, multiple or otherwise inconsistent obligations." *Vaupel*, 944 F.2d at 876 (citing FED. R. Civ. P. 19(a)).

The patent licensing agreement between Novogen and Plaintiff was a grant of all substantial rights to Plaintiff and, in accordance with Rule 19, permits Plaintiff to sue without joining Novogen. Complete relief can be afforded among the named parties in this suit, and there is no substantial risk of Defendants incurring double obligations. Plaintiff has standing to sue Defendants for infringement of the '380 patent and this Court has subject-matter jurisdiction over this claim.

Accordingly,

IT IS HEREBY ORDERED that Defendant Archer Daniels Midland Company's Motion to Dismiss for Lack of Standing and Failure to Join an Indispensable Party, [#23] is denied.

IT IS FURTHER ORDERED that Motion of Defendant Amerifit Nutrition, Inc., to Dismiss Plaintiff's Complaint Pursuant to Fed. R. Civ. P. 12(b)(1), 12(b)(7) and 19, [#25] is denied.

Dated this 11th day of March, 2004.



HENRY EDWARD AUTREY
UNITED STATES DISTRICT COURT